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CLASSIFIED MESSAGE

10 JUN 54 1

SECRET

DIRECTOR

VIENNA

EE 6 ACTION:

DCI, D/DCI, DD/P, COP, DD/P-1&R, FI, FI/OPS, FI/STC, SR 2, F(/R) 2

O THE KATHE

VIEN 2776 (IN 16458)

1756Z 10 JUN 54

TO: (PRIORITY) SPULL

INFO: DIR, SFRAN, SSALZ

CITE:

ZIPPER/INTEL

RE: PULL 8134 (IN 15988)

- GRENGULF 1 AND ODOPAL POLICE SOURCE REPORT KAINZ ARRESTED 8 JUNE BY KRIPO AFTER MAIL CONTAINING INTELLIGENCE MATERIAL ACCIDEN-TAILY INTERCEPTED. KAINZ RECEIVING EEIS OR OP INSTRUCTIONS THRU MAIL UNDER NAME SCHADE AT POST OFFICE 49 BOX 205. UNCOVERED LARGE QUANTITY MATERIAL INCL EEI ON SATELLITE TARGETS, AUSTRIAN POLICE AND FONOFF, REPORTS ON APPROACHES BY KAINZ TO STAPO PERSONNEL. KAINZ STATED HE BEING RUN BY AMERICANS. STAPO INVESTI-GATORS THINK KAINZ RUN BY U.S. EMBASSY.
- ABOVE MATERIAL WILL HAVE FOLLOWING IMPLICATIONS TO AUSTRIANS NOT FAVOPABLE TO EITHER KUBARK OR ZIPPER:
- PROVES ZIPPER OPERATING AGAINST AUSTRIAN GOVERNMENT IN CONSTRADICTION OUR ASSURANCES TO GRENGULF 1 PRIOR FIRST UTILITY KAINI, WALTER

NEGATES UTILITY'S SIMILAR ASSURANCES TO GRENGULF 10 $^{\circ}$

SECRET IT IS FORBIDDEN TO MAKE A COPY OF THIS MESSAGE

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- C. A AND B ABOVE IMPLY EITHER KUBARK DISHONESTY IN GRENGULF 1 DEALINGS OR LACK CONTROL OVER ZIPPER AUSTRIAN OPS.
- 3. THIS TYPE ZIPPER ACTIVITY RUNS HEAD ON INTO BASIC KUBARK MISSION AUSTRIA AND WILL MAKE THIS WORK MORE DIFFICULT IN FUTURE. VIEW BACKGROUND AND DEALINGS GRENGULF 1 THIS SUBJECT WE CANNOT ATTEMPT CONDONE OR PROTECT THIS ACTIVITY WITH GRENGULF 1.
- 4. INFORMING GRENGULF 1 THIS ZIPPER OPN. WILL REQUEST COPIES CONFISCATED MATERIAL.

END OF MESSAGE

